

# FISCAL NOTE

## HB 2287 - SB 2272

March 10, 2005

**SUMMARY OF BILL:** Enacts the *Tennessee Job Growth Act of 2005* for the purpose of establishing “*FastTrack infrastructure development and job training assistance programs*” within the Department of Economic and Community Development (ECD). Requires such programs to assist new and existing business and industry locate or expand in the state and create or retain jobs. Creates the “*FastTrack infrastructure development and job training assistance fund*” (FTF). Authorizes five percent (5%) of the FTF to be used for program administration, marketing expenses, and program evaluation. Authorizes any interest earned on the FTF to accrue to the FTF. Requires the Commissioner of ECD to report FTF appropriations to the commissioner of the Department of Finance and Administration on a quarterly basis and to provide copies of the report to the Speaker of the House, Speaker of the Senate, the Chairmen of the Finance, Ways and Means Committees, and the State Comptroller. Establishes eligibility requirements for FTF grants and loans. Defines *eligible business* and *industrial infrastructure* for the purpose of eligibility requirements. Establishes a \$750,000 limit per eligible business within any three (3) year period.

### **ESTIMATED FISCAL IMPACT:**

**State Revenues – Shifts an amount exceeding \$283,000 from the General Fund to the FastTrack Fund**

**Increase State Expenditures - Exceeds \$283,000/FastTrack Fund**

**Other Fiscal Impact - Expenditures from the FTF (in the form of grants) may possibly be offset by secondary effects, such as new business formation and job creation that result in increased revenue to state and local governments. Any such effects are not sufficiently measurable to be included in the quantifiable fiscal impact of this bill.**

Assumptions:

- Prior to December 2003, these programs were known as Tennessee Infrastructure Improvement Programs (TIIP).
- TIIP has been authorized in each year’s General Appropriations Act (GAA) since 1998.
- Enactment of this bill maintains the same basic TIIP program requirements that are currently included in the GAA and have been included in the GAA in past years.

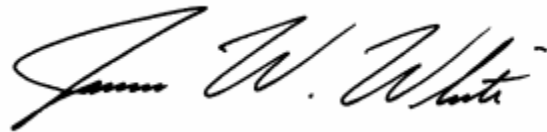
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- Average balance of TIIP funds over last two years is \$28.3 million.
- Currently, interest earnings on TIIP funds have accrued to the General Fund. This bill requires interest earnings to accrue to the FTF. As a result, there will be a shift of interest earnings from the General Fund to the FTF.
- For every 1% interest earned on FTF funds an additional \$283,000 would be generated. This accrual of interest to the FTF will allow for incremental grants which would be considered increased expenditures.
- Expenditures (grants) from the FTF may possibly be offset by secondary effects, such as new business formation and job creation that result in increased revenue to state and local governments. Any such effects are not sufficiently measurable to be included in the quantifiable fiscal impact of this bill.

Currently, there is \$12,000,000 included in the Governor's Recommended FY06 Budget for the FastTrack Infrastructure Development Program and \$7,000,000 in the FastTrack Job Training Assistance Program.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director